



INDUSTRY CIRCULAR

DEPARTMENT OF
THE TREASURY

Bureau of Alcohol, Tobacco and Firearms
Washington, D. C. 20226

Number: 90-6

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INCREASE IN FEDERAL EXCISE TAX ON ALCOHOL AND ITS EFFECT ON MNEBP BONDS

Manufacturers of Non-Beverage Products and Others
Concerned:

Purpose. This Industry Circular is issued to advise manufacturers of non-beverage products (MNEBPs) of certain provisions of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508, 104 Stat., 1388), and its impact on bond coverage and recordkeeping requirements.

Background. Public Law 101-508, 104 Stat., 1388, enacted on November 5, 1990, increased the rate of tax on distilled spirits by \$1.00 from \$12.50 to \$13.50 per proof gallon. This tax increase is effective on January 1, 1991.

Effect on bond coverage. The change in tax rate may increase the liability which must be covered by the drawback bond. Therefore, manufacturers who have bonds in less than the maximum amount should recompute the coverage needed in accordance with 27 CFR 197.107 and, if necessary, file a strengthening or superseding bond to increase the coverage. This is important in order to ensure continued allowance of claims on a monthly basis by the Bureau of Alcohol, Tobacco, and Firearms (ATF). When the penal sum of the bond is reached before the end of the quarter, claims are allowed on a quarterly, rather than a monthly basis.

Recordkeeping requirements for MNEBP claimants. The supporting statement for each claim filed after January 1, 1991, should specify the rate of tax paid on the spirits which are the subject of the claim. In addition, the proprietor's product batch records supporting each claim should show whether the distilled spirits used in the product were taxpaid at the old or new tax rate.

Inquiries. If you have any questions, please contact the following ATF office in your area:

Taxpayers in Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Ohio, South Dakota, Wisconsin, West Virginia:

Bureau of Alcohol, Tobacco and Firearms
550 Main Street, Room 6519
Federal Office Bldg.
Cincinnati, OH 45202
(513) 684-3335
FAX (513) 684-3168

Taxpayers in Connecticut, District of Columbia, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont:

Bureau of Alcohol, Tobacco and Firearms
841 Chestnut Street
Room 380
Philadelphia, PA 19107
(215) 597-2238
FAX (215) 597-7255

Taxpayers in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Virginia:

Bureau of Alcohol, Tobacco and Firearms
2600 Century Parkway NE, Suite 305
Atlanta, GA 30345
(404) 679-5080
FAX (404) 679-5099

Taxpayers in Arkansas, Colorado, Iowa, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, Texas, Wyoming:

Bureau of Alcohol, Tobacco and Firearms
1114 Commerce Street
7th Floor
Dallas, TX 75242
(214) 767-2277
FAX (214) 767-2750

Taxpayers in Alaska, Arizona, California, Hawaii,
Idaho, Montana, Nevada, Oregon, Utah, Washington:

Bureau of Alcohol, Tobacco and Firearms
221 Main Street
11th Floor
San Francisco, CA 94105
(415) 744-7011
FAX (415) 744-9443


Director